



Penn State **EXTENSION**

AGRICULTURE | COMMUNITY & FAMILY | ENVIRONMENT

**Find the Lost Dollars
On Your Dairy!**



The PA Dairy Tool Can Help Your Target Team Find Lost Profits

How the PA Dairy Tool can help your Target Team find lost profits

Target Teams that use the PA Dairy Tool will see, first-hand, the potential lost profit based on their dairy's data.

**Test farms that have used
the PA Dairy Tool
have gained \$290 per cow!**

Penn State Dairy Extension created the Profitability Assessment (PA) Dairy Tool to improve the profitability of Pa. dairies. First, the PA Dairy Tool identifies a dairy's bottleneck(s) to profitability in one of five areas:

- Financial
- Milk yield and components
- Reproduction
- Milk quality and udder health
- Culling and replacements

After the bottleneck is identified, Drill-Down Tools are used to determine the specific components of the bottleneck that the dairy should correct. An action plan is created to correct the bottleneck and the tool is run again to evaluate financial impact.

For details: <http://www.das.psu.edu/das/dairy/patool>

What makes the Tool unique:

- Creates an action plan to focus your team's efforts
- Pinpoints where to find lost profits
- Provides an unbiased assessment of the dairy
- Measures the dairy against industry benchmarks and goals of the individual dairy
- Examines both capital and production efficiency
- It's easy-to-use and web-based
- Developed by Penn State expertise across six fields of study

The Three-Step Process

Phase 1 – August to December 2008

A trained consultant will run the online version of PA Dairy Tool on the dairy.

Phase 2 – January to June 2009

Extension educators will run up to two Drill-Down tools on each Target Team farm to determine specific components of each bottleneck that need to be addressed. An action plan will be created for the dairy.

Phase 3 – June to December 2009

A consultant will re-run the PA Dairy Tool on the farm to measure the impact of the implemented action plan.

Target Teams that use the PA Dairy Tool will be reimbursed 100 percent up to a maximum of \$1,000 by the Center for Dairy Excellence.

grow
Your Profits

an **OUTREACH** Program of the College of Agricultural Sciences

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Penn State is committed to affirmative action, equal opportunity, and the diversity of its workforce. Dairy Alliance is a Penn State Cooperative Extension initiative.

Comments about the Penn State Profitability Assessment Dairy Tool & Drill-Down Tools

Producer Feedback:

“What I liked about using the Reproductive Drill-Down Tool is that, with so many areas in which you can get better, it points out what most affects the bottom line. It narrows down and **pinpoints where to get the most return**. Using the reproductive tool was like having a lot of consultants on the farm.” – *Melinda Smith, producer, Woodbury, PA*

“The (Drill-Down Tool) helped to **take the variety of different records and tell a story**. By identifying specific bottle-necks, we were able to focus our entire team on the effort to improve.” – *Jan Itle, herd manager, Valewood Farms, Loretto, PA*

“Working with Penn State faculty, staff and the PA Dairy Milk Quality Drill Down Tool allowed us to identify milk quality critical control points, **capture approximately \$1,000.00 per month in lost quality premiums** and helped set the stage for a planned expansion.” – *Brenda Irwin, producer, Centerville, PA*

“The tool was able to specifically identify a problem that we thought was there, but could not necessarily identify ourselves. The information was useful for working with our advisory team. Because of the volume of information, the tool provided **a much more comprehensive picture of the strengths and weaknesses of the operation** than could be caught in a monthly advisory team meeting.” – *Tim Forry, producer, Oregon Dairy, Lititz, PA*

Consultant Feedback:

“The Penn State Profitability Assessment Dairy Tool lets us look at a producer’s overall situation. Using the tool eliminates the bias of just looking at things from one perspective. It helps us move beyond any pre-conceived assumptions to get a more complete view of what’s happening on the farm. **I don’t think there is anything like the PA Dairy Tool**. What makes the tool unique is the number of people who have had input into creating it. It’s not just one specialist’s tool. Many have put their expertise into it, and there are good resources behind all the information.” – *Leslie Yoder, Vice President of Marketing, Homestead Nutrition Inc.*

“The Penn State Profitability Assessment Dairy Tool **offers several benefits**. It gives you a more intimate knowledge of your producer’s operation and his or her thoughts about management – what’s important to him or her. Also, it helps to pinpoint the underlying problems causing financial difficulty on the dairy. **Sometimes these aren’t obvious until you use the PA Dairy Tool**. In one situation, we had a hunch what the problem was, and the tool confirmed it and then put a number to it, which we didn’t have. This really showed the extent to which it was a problem. In another situation the tool helped to uncover a problem that wasn’t obvious and the tool showed the farmer just how much money this problem was costing him.” – *Tom Nauman, nutritionist, Hooper Feeds*

“It is very useful in advisory team meetings, because **it keeps the team focused** on the barriers to profitability. I know of no other resource that works so effectively.” – *Mike Hosterman, dairy lending specialist, Ag Choice Farm Credit*

For more information about using the PA Dairy Tool with your Target Team,
contact the Center for Dairy Excellence Office:

Project Manager Heather Hostetter
Phone: 717-346-0849 Email: hjhostetter@yahoo.com

Training Workshops will be offered in Spring/Summer 2008
for consultants who wish to use the PA Dairy Tool with their Target Teams,
Call the Center for Dairy Excellence for details.

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